

Blue Cross Blue Shield of Michigan

House Health Policy Committee
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The value of strong networks

- Blue Cross has Michigan's **largest network of providers**
- Health plans and PBMs work with hospitals, physicians, pharmacies and other health care professionals that meet certain standards to **ensure access to high-quality care**
- Provider networks play a role in **making health care more affordable by negotiating better prices** for goods or services
 - These **cost-savings are passed on to customers** largely through reduced premium rates
 - Network services **result in lower cost sharing and out-of-pocket costs**
 - Network agreements protect members from surprise bills
 - Provider networks assist in preventing fraud, waste and abuse, benefiting the whole health care ecosystem



**Utilizing Blue Cross' pharmacy network resulted in savings of
\$75 million in 2019 and \$154 million over three years**

Blue Cross has more than 90% of Michigan pharmacies in network

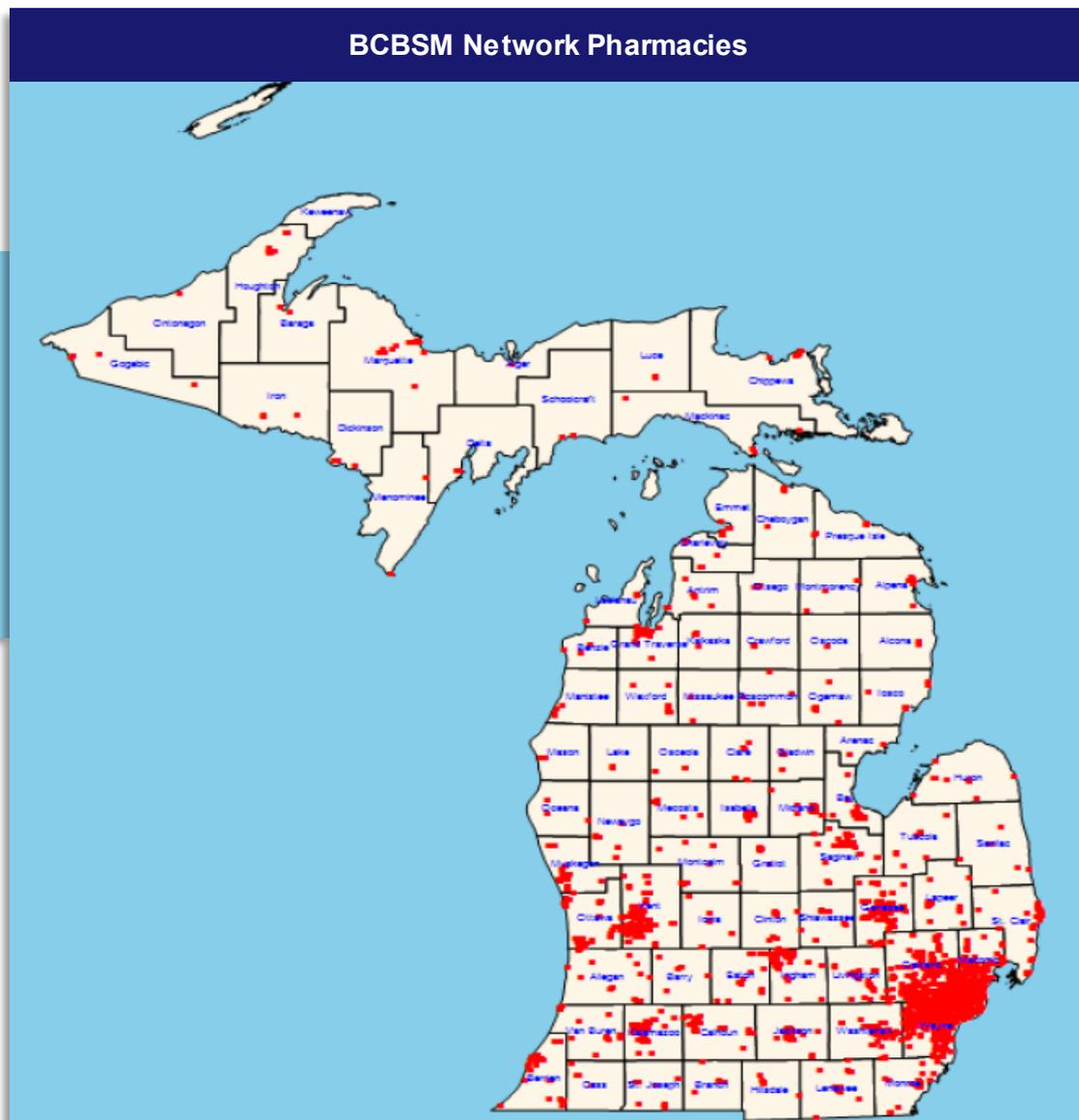
Networks are adequate as defined by federal and state law and governed by DIFS

Network contracting standards include:

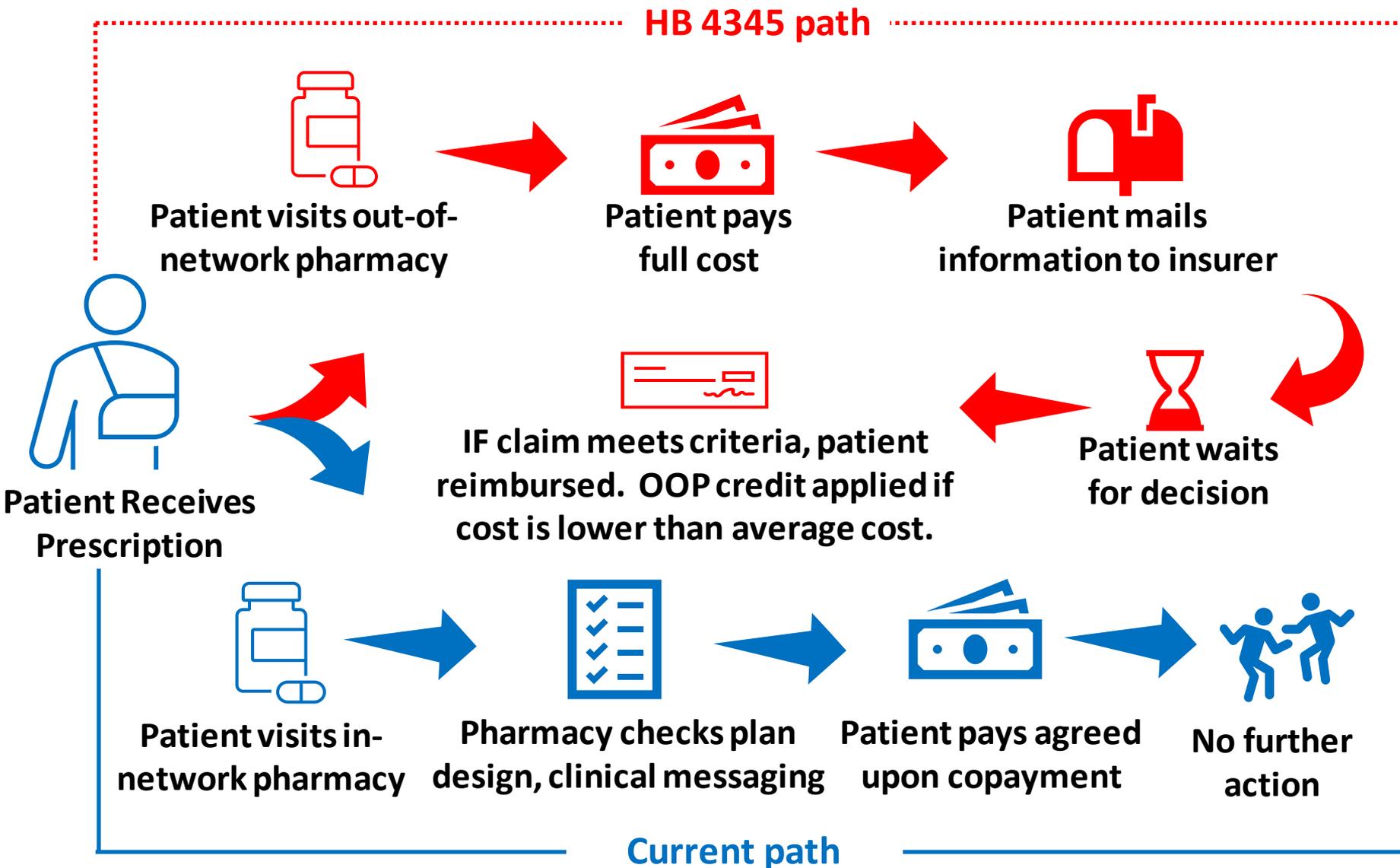
- ✓ Quality measures
- ✓ Cost controls
- ✓ Fraud, waste and abuse preventions

Concerns over HB 4345:

- Circumvents pharmacy networks
- Adds administrative costs to the health care system
- Potentially reduces safety
- Administratively burdensome for patients



Patient experience would be complicated under HB 4345



HB 4345 should be amended to address unintended consequences

A pharmacy could be out-of-network because of quality concerns or other issues.

Proposed Amendment

Protect patient safety by not allowing pharmacies who have been identified by a state or federal government agency as a bad actor to participate.

Several government agencies monitor bad actors

Federal

CMS Office of Inspector General

- List of Excluded Individuals/Entities
- CMS Preclusion List

General Services Administration

- System for Award Management debarment and/or exclusion list

Office of Personnel Management

- Debarment list

State

Department of Health and Human Services

- Sanctioned Provider List

Licensing and Regulatory Affairs

- Health License Disciplinary Action Reports